Supreme Court, U.S.
FILED
AUG 29 2016
OFFICE OF THE CLERK

No. 15-777

IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., AND SAMSUNG TELECOMMUNICATIONS AMERICA, LLC,
Petitioners,

v.

APPLE INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR PETITIONERS

MICHAEL T. ZELLER
B. DYLAN PROCTOR
QUINN EMANUEL URQUHART & SULLIVAN, LLP
865 S. Figueroa Street
10th Floor
Los Angeles, CA 90017
(213) 443-3000

VICTORIA F. MAROULIS
BRETT J. ARNOLD
QUINN EMANUEL URQUHART & SULLIVAN, LLP
555 Twin Dolphin Drive
5th Floor
Redwood Shores, CA 94065
(650) 801-5000

KATHLEEN M. SULLIVAN
Counsel Of Record
WILLIAM B. ADAMS
DAVID M. COOPER
CLELAND B. WELTON II
QUINN EMANUEL URQUHART & SULLIVAN, LLP
51 Madison Avenue
22nd Floor
New York, NY 10010
(212) 849-7000
kathleensullivan@quinnemanuel.com

Counsel for Petitioners

August 29, 2016

WILSON-EPES PRINTING CO., INC. – (202) 789-0096 – WASHINGTON, D. C. 20002

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	iii
INTRODUCTION	1
ARGUMENT	2
I. SECTION 289 PRECLUDES RECOVERY OF THE TOTAL PROFIT ON AN ENTIRE PRODUCT WHERE A PATENTED DESIGN IS APPLIED ONLY TO A COMPONENT OF THE PRODUCT	2
A. An "Article Of Manufacture" Under Section 289 May Be Less Than An Entire Product, As Apple And The Government Now Agree	2
B. Congress Did Not Abrogate Background Principles Of Causation In Enacting Section 289	4
C. Apple And Its *Amici* Fail To Dispel The Adverse Practical Consequences Of The Federal Circuit's Rule	7
II. CONTRARY TO APPLE'S ARGUMENT, THIS COURT SHOULD REVERSE OR VACATE THE JUDGMENT BELOW	11
A. Apple Cannot Rewrite The Decisions Below	11
1. The District Court's Jury Instructions Misconstrued Section 289	11
2. The Federal Circuit Misconstrued Section 289	13

TABLE OF CONTENTS—Continued

Page

B. This Court Should Reverse And Direct Judgment For Samsung 15

1. The Patent Claims Themselves Delimit The Relevant Articles Of Manufacture 15

2. Apple Bore The Burden Of Identifying The Relevant Articles Of Manufacture 16

3. No Properly Instructed Jury Could Have Found For Apple On This Record 18

C. Alternatively, This Court Should Vacate And Remand For Further Proceedings 20

CONCLUSION 23

APPENDIX

APPENDIX A: Plaintiff's Exhibit 8, Photographs of Apple Products (excerpts) 1a

APPENDIX B: Defendants' Exhibit 2519, Presentation: Mini-Teardown Samsung Galaxy S (T-Mobile Vibrant) (excerpts) 4a

TABLE OF AUTHORITIES

CASES — Page(s)

Alaska Dep't of Envtl. Conservation v. EPA, 540 U.S. 461 (2004) 17

Apple Inc. v. Samsung Elecs. Co., 678 F.3d 1314 (Fed. Cir. 2012) 9

Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476 (1964) 8

Boyle v. United Techs. Corp., 487 U.S. 500 (1988) 19

Burrage v. United States, 134 S. Ct. 881 (2014) 5

Contessa Food Prods., Inc. v. Conagra, Inc., 282 F.3d 1370 (Fed. Cir. 2002) 10

CSX Transp., Inc. v. McBride, 564 U.S. 685 (2011) 5

Dowagiac Mfg. Co. v. Minn. Moline Plow Co., 235 U.S. 641 (1915) 5

eBay, Inc. v. MercExchange, LLC, 547 U.S. 388 (2006) 5

Gorham v. White, 81 U.S. 511 (1871) 9

Hertz Corp. v. Friend, 559 U.S. 77 (2010) 22

Hunter v. Cty. of Sacramento, 652 F.3d 1225 (9th Cir. 2011) 13

Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301 (Fed. Cir. 2009) 16

TABLE OF AUTHORITIES—Continued

Page(s)

Markman v. Westview Instruments, Inc.,
517 U.S. 370 (1996) 16

Medtronic, Inc. v. Mirowski Family Ventures, LLC,
134 S. Ct. 843 (2014) 17

Meyer v. Holley,
537 U.S. 280 (2003) 5

Nordock, Inc. v. Systems Inc.,
803 F.3d 1344 (Fed. Cir. 2015) 14

Pac. Coast Marine Windshields Ltd. v. Malibu Boats, LLC,
2014 WL 4185297
(M.D. Fla. Aug. 22, 2014) 14

Pearson v. Duane,
71 U.S. 605 (1867) 17

Schaffer v. Weast,
546 U.S. 49 (2005) 16

Sheldon v. Metro-Goldwyn Pictures Corp.,
309 U.S. 390 (1940) 5

Story Parchment Co. v. Paterson Parchment Paper Co.,
282 U.S. 555 (1931) 17

Teva Pharms. USA, Inc. v. Sandoz, Inc.,
135 S. Ct. 831 (2015) 16

Transp. Line v. Hope,
95 U.S. 297 (1877) 13

Uniloc USA, Inc. v. Microsoft Corp.,
632 F.3d 1292 (Fed. Cir. 2011) 16

TABLE OF AUTHORITIES—Continued

Page(s)

United States v. Texas,
507 U.S. 529 (1993) 5

Univ. of Texas Sw. Med. Ctr. v. Nassar,
133 S. Ct. 2517 (2013) 16

STATUTES

15 U.S.C. 1117(a) 17

17 U.S.C. 504(b) 17

35 U.S.C. 284 ..... 11, 12, 18

35 U.S.C. 287 8

35 U.S.C. 289 ..... 1, 2, 4, 5, 6, 9, 10, 11, 12, 13, 15, 17, 20

45 U.S.C. 51 5

LEGISLATIVE MATERIALS

18 CONG. REC. 834 (1887) 6

H.R. REP No. 49-1996 (1886) 6, 17

S. REP. No. 49-206 (1886) 18

OTHER AUTHORITIES

MCCORMICK ON EVIDENCE § 337 (7th ed. 2013) 17

Michael Macagnone, *Apple v. Samsung Could Spur 'Patent Trolls,' Tech Cos. Warn*, LAW360 (Aug. 2, 2016) 7

William F. Lee & A. Douglas Melamed, *Breaking the Vicious Cycle of Patent Damages*, 101 CORNELL L. REV 385 (2016) 8

INTRODUCTION

In its brief, Apple makes a remarkable about-face. It now admits, agreeing with Samsung and the government, that Section 289 does not require an award of the total profit on an entire product as sold. It now admits, agreeing with Samsung and the government, that the "article of manufacture" to which a patented design is "applied" may be only a component of a product. And it now admits, agreeing with Samsung and the government, that, where the patented design is applied only to a component of a product, the total profit under Section 289 is the profit attributable to the component, not the product. Those admissions are correct and compel reversal on the record here.

Apple nonetheless urges affirmance, suggesting that the district court and the Federal Circuit did not actually apply an entire-product rule after all. But the record will not bear such an attempt to rewrite the rulings below. Apple argued before, during, and after trial that Section 289 precludes any award less than the total profit on an entire product as sold. The district court agreed, instructing the jury that Section 289 precludes any award less than the total profit on an entire product as sold. And the Federal Circuit affirmed, holding that Section 289 precludes any award less than the total profit on an entire product as sold.

Apple also suggests that it was *Samsung's* burden to show that Apple's patented designs applied only to components of the accused phones, and that Samsung failed to do so. But it was *Apple*, not Samsung, that bore the burden of proving infringer's profits. And it was thus *Apple's* burden to show that the patented designs were applied to the entire phones, not

Samsung's burden to show that they were not. Because Apple put all its chips at trial on entitlement to Samsung's total profit on the entire phones *as a matter of law*, it failed to make any such factual showing. Nor could it have done so, for the unambiguous evidence in the record, including the admissions of Apple's own witnesses, shows that Apple's design patents here cover only narrow components of a phone—namely the front face, the front face with bezel, and a single array of icons.

This Court therefore should reverse, and make clear that Section 289 has the meaning on which Apple, Samsung and the government now agree. If the Court declines to reverse, it should nonetheless vacate and remand for the parties to litigate the appropriate amount of infringer's profits under the correct interpretation of Section 289.

ARGUMENT

I. SECTION 289 PRECLUDES RECOVERY OF THE TOTAL PROFIT ON AN ENTIRE PRODUCT WHERE A PATENTED DESIGN IS APPLIED ONLY TO A COMPONENT OF THE PRODUCT

A. An "Article Of Manufacture" Under Section 289 May Be Less Than An Entire Product, As Apple And The Government Now Agree

The parties and the government have reached consensus before this Court that Section 289 permits an award of infringer's profits from a component of a product rather than the entire product. As the government rightly explains, "[t]he phrase 'article of manufacture' ... encompasses any item that is made

by human labor, including manufactured items that are not sold as separate commodities but instead function as components of a larger product." U.S. Br. 17; *see* Resp. Br. 36; Pet'r Br. 29-31. As the parties and the government likewise agree, the Patent Office and the lower courts (*e.g.*, in the *Piano Cases*) have "construed the term 'article of manufacture[]' ... to include components of larger products." U.S. Br. 19; *see* Resp. Br. 37, 40-41; Pet'r Br. 32-34. And all agree that, in 1952, Congress enacted Section 289 against that backdrop. *See* U.S. Br. 19; Resp. Br. 30, 37; Pet'r Br. 44.[1]

The parties and the government also now agree that, where the relevant article of manufacture is a component of a product, it follows that total profit is limited to that attributable to the component, not the entire product. For instance, Apple concurs with the government and Samsung that "[t]he source of the 'total profit' for which the infringer 'shall be liable'" is the "sale of the 'article of manufacture to which the design has been applied.'" Resp. Br. 29 (quoting U.S. Br. 11); *see* Pet'r Br. 24. And as the government explains, no separate sale of the *component* is required, because "the sale of the complete product in commerce is properly viewed as a sale of the component as well." U.S. Br. 19.

In contrast to these now-uniform positions, the Federal Circuit held categorically that no component may constitute an "article of manufacture" under

---

[1] Apple's *amici* likewise concede that the relevant article of manufacture can be less than the entire product as sold. *See, e.g.*, ACT Br. 9 ("the 'article of manufacture' will not always be the finished product that is sold in commerce"); Bison Br. 8 ("the article of manufacture is not necessarily the entire product sold to consumers").

Section 289 unless it is "sold separately" to consumers. Pet. App. 29a. As the government rightly states, the Federal Circuit held that "the relevant 'article of manufacture' is *invariably* the entire product as sold." U.S. Br. 8 (emphasis added). This reading of the Federal Circuit's rule is beyond serious dispute; even Apple's *amici* agree that the Federal Circuit's test "considers whether the portion of the product containing the patented design is sold separately." Nordock Br. 2; *see* AIPLA Br. 6 (similar).

The Federal Circuit's holding is contrary to the statutory text, as the government correctly shows (U.S. Br. 17-19) and as Samsung has consistently argued (*see* Pet'r Br. 20-23, 28-34). Apple no longer contends otherwise. *Compare* Resp. Br. 35-38 *with* BIO 29-31. This Court should now confirm that Section 289 permits an award of infringer's profits in a case like this one based on only a component of an entire product.

B. Congress Did Not Abrogate Background Principles Of Causation In Enacting Section 289

Background principles of causation likewise counsel interpreting "article of manufacture" as encompassing a product component to which a patented design is applied and not necessarily the entire product. Any other interpretation would permit windfalls untethered from the infringement. For example, infringement of a patented cupholder design could result in an award of the total profit on a car—without proof that the cupholder caused the entire car's value. As *amici* 50 Intellectual Property Professors explain (Br. 8), "basic principles of remedies law require a plaintiff

to show some connection between the damages and the infringement." *See* Pet'r Br. 35-39.

Apple and the government do not deny (*see* Resp. Br. 33-34; U.S. Br. 15) that Congress is *presumed* to have "intend[ed] its legislation to incorporate" centuries-old requirements of causation and proportionality, and that this presumption may be overcome only if the statute "'speak[s] directly' to the question." *Meyer v. Holley*, 537 U.S. 280, 285 (2003) (quoting *United States v. Texas*, 507 U.S. 529, 534 (1993)); *see, e.g.*, *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388, 391-92 (2006).

Contrary to Apple's assertion (Br. 33-34), Congress made no such plain statement abrogating traditional principles of causation here. To the contrary, Section 289 contains language expressly *invoking* causation principles. The phrase "total profit" begs the question of causation: total profit from what? The only plain language in Section 289 touching on causation indicates that the answer is "profit *made from the infringement*," a standard "requirement of but-for causation," *Burrage v. United States*, 134 S. Ct. 881, 887-89 (2014) (reviewing phrases like "results from," "based on" and "by reason of"); *see Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 399 (1940); *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 648-51 (1915).[2]

---

[2] Apple identifies no statute in which Congress has been found to have eliminated the requirement to prove causation. Apple cites (Br. 34) *CSX Transportation, Inc. v. McBride*, 564 U.S. 685 (2011), but the statute there did not "eliminate[] the concept of proximate cause," *id.* at 700—it merely provided "a relaxed standard of causation," *id.* at 691-92. And it did so *explicitly* by limiting liability to cases where "injury or death result[ed] in whole *or in part*" from negligent conduct. 45 U.S.C. 51 (emphasis added). Section 289 contains no similar language.

Nor, contrary to Apple's suggestion (Br. 33), did the 1887 Congress signal any intent to abandon background principles of causation in enacting Section 289's predecessor. To the contrary, the members of Congress who spoke in favor of the bill focused exclusively on products like "carpeting, oil-cloths, wall-paper, and things of that sort"—products as to which "designs are the principal feature." 18 CONG. REC. 834-35 (1887) (Rep. Martin);[3] *see, e.g.*, H.R. REP. NO. 49-1996, at 3 (1886) (discussing decorative items like "carpets and wall-papers and oil-clothes"). Accordingly, when Congress found that "design sells the article" and "make[s] it possible to realize any profit at all," it did *not* find that "design drives sales" in general, but rather that design drives sales where (as with rugs) the design and product are nearly coextensive. Thus, far from abrogating causation, Congress at most exercised its fact-finding power to *presume* causation in a limited class of cases where it determined that the design causes sales of the article of manufacture to which the design is applied—relieving a design-patent holder of the evidentiary burden of proving as much. Congress did *not* indicate that it would endorse any similar presumption for products where (as here) design is *not* "the principal feature."

---

[3] Apple disparages (Br. 33) Representative Martin's credibility because he said he was not perfectly "familiar with the [1887 Act's] language employed about patents"—but he was speaking there of the "colorable imitation" clause, not the remedies provision. 18 CONG. REC. 835.

C. Apple And Its *Amici* Fail To Dispel The Adverse Practical Consequences Of The Federal Circuit's Rule

Apple does not dispute the harms the Federal Circuit's rule would cause to innovation and competition except to suggest (Br. 57-60) that they are speculative. They are not. As *amici* supporting Samsung explain, this Court's affirmance of the Federal Circuit's rule would "transform a design patent into a sort of super-utility patent, allowing a design patentee to control an industry in a way that would be nearly impossible with utility patents." CCIA Br. 5; *see* Public Know. Br. 8. And it would open up new frontiers of litigation that would stifle the very innovation that the patent system seeks to encourage, leaving "legally unsophisticated entrepreneurs" (Engine Advocacy Br. 16) and "small companies lacking diverse product lines" (HLF Br. 8) especially vulnerable. *See* Internet Ass'n Br. 28.

Apple protests (Br. 57, 59) that, if such consequences were likely, they already would have come about. But cases like this one have not arisen frequently in the past only because the Federal Circuit had never before announced a rule that a design patent for a component of a complex product like a smartphone could be a litigation ticket to total profit on the entire phone. Affirmance would create new and "outsized incentives" for design-patent applications and lawsuits (Engine Advocacy Br. 24), inspire a new "cottage industry of opportunistic litigation" (Public Know. Br. 16), and embolden patent trolls to use design patents as their new weapon of choice (CCIA Br. 15-16).[4]

---

[4] *See* Michael Macagnone, *Apple v. Samsung Could Spur 'Patent Trolls,' Tech Cos. Warn*, LAW360 (Aug. 2, 2016),

Apple alternatively suggests (Br. 58) that there is no reason to fear such negative consequences because design similarities can arise only through deliberate copying. Not so. To begin with, Apple's tired refrain that Samsung supposedly "copied" the iPhone may have worked with a jury but should be disregarded in this Court, especially in light of the record evidence that Samsung and others independently developed rectangular, round-cornered, flat-faced phones *before* Apple released the iPhone.[5]

In any event, Apple's suggestion is unavailing because "[p]atent infringement is a strict liability offense," William F. Lee & A. Douglas Melamed, *Breaking the Vicious Cycle of Patent Damages*, 101 CORNELL L. REV. 385, 403-04 (2016); *see Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 484 (1964). Thus, contrary to Apple's suggestion (Br. 30 n.7), "notice and marking requirement[s]" would not protect against innocent infringement. *See* 35 U.S.C. 287 (either marking *or* actual notice permits recovery for infringement). Indeed, Apple did not mark its phones with the patents at issue, and Samsung was already designing and selling accused phones by the time Apple gave notice. *See* Pet. App. 141a. Moreover, design patents are easily issued, often in a crowded field, and often for designs that

---

http://www.law360.com/appellate/articles/822904/apple-v-samsung-could-spur-patent-trolls-tech-cos-warn.

[5] *See* Pet'r Br. 5; J.A. 262-64; J.A. 354; J.A. 506-10; J.A. 217-18; J.A. 211. Apple's suggestion (Br. 2, 9, 52) that Samsung "copied" Apple's front face out of a "crisis of design" is especially disingenuous; the referenced "crisis" concerned problems with an old, pre-Android operating system, not the look of Samsung's products. *See* J.A. 417 (referring to Windows-based phone, *see* J.A. 410); J.A. 147; J.A. 300; Dkt. 2842 at 1047.

include structural and non-ornamental functional features. *Cf.* Pet. App. 10a-18a (holding Apple's trade dresses on the same designs invalid as functional). Thus, contrary to Apple's suggestion (Br. 58), awarding the total profit on an entire product containing an infringing component will impose punitive consequences on many innocent infringers who have no intent to copy an ornamental design. *See* Pet'r Br. 50-51; Internet Ass'n Br. 24-27

Nor are Apple and its *amici* correct to suggest that ordinary infringement rules will prevent disproportionate design-patent awards under the Federal Circuit's interpretation of Section 289. Some *amici* argue that a finding of infringement necessarily means that an infringer has "captured sales" of an entire product, making the total profit on the entire product an appropriate remedy. *See* Industrial Design Prof'ls Br. 25; Cleveland Golf Br. 15-16; *see also* Resp. Br. 53-54. But that is incorrect, for design-patent law (unlike other areas of law such as trademark) does not require any showing of consumer confusion, nor was there any evidence below that any consumer bought a Samsung phone thinking it was an iPhone. *Cf.* Pet. App. 162a (instructions); *id.* 24a (affirming same). Thus, it is wrong to suggest that an infringement finding is a proxy for causation.

Apple asserts that the ordinary consumer "would never confuse a cupholder design with a car or think that a cupholder gave a car its 'peculiar or distinctive appearance.'" Resp. Br. 53 (quoting *Gorham v. White*, 81 U.S. 511, 525 (1871)). But Apple overlooks that the governing "ordinary observer" test compares the claimed design and *the portions of* the accused product that correspond to that design, disregarding other product design features. *See, e.g., Apple Inc. v.*

Samsung Elecs. Co., 678 F.3d 1314, 1326-27 (Fed. Cir. 2012) (requiring comparison of only claimed features of design patents for invalidity analysis); *Contessa Food Prods., Inc. v. Conagra, Inc.*, 282 F.3d 1370, 1378 (Fed. Cir. 2002) (same for infringement analysis; "[i]f features appearing in the figures are not desired to be claimed, the patentee is permitted to show the features in broken lines to exclude those features from the claimed design"). Thus, contrary to *amici*'s argument (Industrial Design Prof'ls Br. 30), it is irrelevant whether an ordinary observer would confuse a Jeep with a Porsche in a case involving infringement of a cupholder design. Yet under the Federal Circuit's rule, infringement of the cupholder design would still entitle the patent-holder to the total profit on the Jeep that incorporated the cupholder—a plainly untenable result.

In contrast, no adverse practical consequences will flow from awarding only profits from the "article of manufacture" to which a design is applied. Apple's *amici* suggest (*see* Nike Br. 21-30; Tiffany Br. 14-19; Crocs Br. 17-21) that a total-profit-on-the-product rule is needed to deter counterfeiters. But where a patented design is applied to an article that is coextensive with a product (like a rug or a shoe), the total profit on the product will still be available under Section 289. And if the patented design is applied only to a component of a product (like a heel or a sole of a shoe), then any infringement would not amount to "counterfeiting," and an award of the total profit on the entire product would be disproportionate. Moreover, design-patent holders still may obtain awards of lost profits under Section 284—obviating *amici*'s concern that consumers would be diverted to counterfeit products. There is thus no need to require disgorgement of all profits on products as sold in all instances, no

matter how trivial the patented design; counterfeiting will be deterred even absent such a draconian rule.

II. CONTRARY TO APPLE'S ARGUMENT, THIS COURT SHOULD REVERSE OR VACATE THE JUDGMENT BELOW

Abandoning its defense of the entire-product rule on the merits, Apple suggests that the courts below did not in fact limit Section 289 awards to the total profit on the entire product and that Samsung in any event was obliged to show that the relevant "articles of manufacture" were not its entire phones. Both of Apple's suggestions are incorrect.

A. Apple Cannot Rewrite The Decisions Below

1. The District Court's Jury Instructions Misconstrued Section 289

a. As the government recognizes (U.S. Br. 31-32), the district court instructed the jury—at Apple's request—to award all of Samsung's profits on the products it sold by "equat[ing] the relevant 'article of manufacture' with the accused phones as a whole." *See* Pet. App. 165a (Instruction No. 54); *see also* Pet'r Br. 21, 58-59.

Contrary to Apple's suggestion (Br. 47), viewing that instruction in "context" cannot dispel its invocation of an entire-product rule. The district court's instructions used the words "product" and "article" interchangeably in phrases like "profits from sales of *products*" and "profit on the sale of the *article*" (or "total profit attributable to the infringing *products*" and "all profit earned by that defendant on sales of *articles*"). Pet. App. 165a (emphases added); *id.* (also indiscriminately using "articles" in relation to revenue

and "products" in relation to costs). Apple is also wrong to suggest (*see* Br. 45, 47) that the phrase "*may* award" meant that the jury could find an "article of manufacture" less than the entire product. That instruction just meant that the jury *may* award *either* total profit under Section 289 *or* a lost-profits or reasonable-royalty remedy under Section 284. J.A. 268-71.

And far from telling the jurors that the instruction allowed them to determine the articles of manufacture for themselves (*see* Resp. Br. 42-48), Apple argued the opposite in closing. Capitalizing on the instruction it had obtained, Apple told the jury: "[A]s [the district judge] just told you, Congress awards the entire profit on a *product, not just part of that product*." Dkt. 1997 at 4124 (emphasis added).

Apple likewise errs in suggesting (Br. 45-46) that Samsung somehow assented to the district court's instructions. Apple buries in a footnote its admission that Samsung's *operative* proposed instruction referred to profits on "articles," not "products." *Id.* 46 n.16; J.A. 203-04. And Samsung plainly objected to the district court's instruction. J.A. 246-47

b. Apple also fails to justify the court's failure to give Samsung's proposed article-of-manufacture instruction. *See* J.A. 206-07 (Instruction No. 42.1); *see also* Pet'r Br. 20-21. Contrary to Apple's suggestion (Br. 44), there was ample evidence in the record to support that instruction. *See infra*, at 20-22. But Apple successfully objected by arguing that, under Section 289, "a patent holder may recover total profits on 'the article of manufacture'" and that "[t]he Federal Circuit in *Nike* explains that this refers to *the product that is sold*." J.A. 208 (emphasis added).

Apple's new attacks on Samsung's proposed instruction are unfounded. Contrary to Apple's suggestion (Br. 44), Samsung did not ask the court to tell the jury that the "article of manufacture" was a portion of the product as a matter of law, but rather that "[t]he article to which Apple's design was applied *may be the same as or different from* Samsung's devices as sold" (J.A. 207 (emphasis added)). Also contrary to Apple's suggestion (Br. 45), the court could have properly told the jury that, where the relevant article of manufacture was only a "part or portion of the product," the award should not include profits from other parts of the product, including "the technology by which the devices operate or from any other functions of the devices." J.A. 207. Even if Samsung's proposed instruction had been deficient, the district court was obliged to modify it rather than omit it altogether. *See, e.g.*, *Hunter v. Cty. of Sacramento*, 652 F.3d 1225, 1235 n.11 (9th Cir. 2011).[6]

2. The Federal Circuit Misconstrued Section 289

The Federal Circuit adopted the same categorical rule as the district court. Rather than defend the Federal Circuit's rule, Apple now seeks (Br. 41) to rewrite the decision below to try to take advantage of the government's argument (U.S. Br. 25-27) that determining the relevant article of manufacture is a question for the finder of fact based on the totality of

---

[6] *Transportation Line v. Hope*, 95 U.S. 297 (1877) (cited in Resp. Br. 45), is not to the contrary. This Court there held that the charge given on the issue was correct, and thus there was no duty to give a competing and erroneous instruction in its place; nothing was said about omitting an instruction on an issue altogether. *Id.* at 299-301.

the circumstances. But contrary to Apple's assertion, the Federal Circuit nowhere suggested that the district court's instructions had allowed the jury here to decide as a factual matter what the relevant articles of manufacture were, or to determine profits accordingly. *See* Pet. App. 29a.

Any doubt that the Federal Circuit adopted a categorical product-as-sold rule is dispelled by that court's own interpretation and application of the decision below. In *Nordock, Inc. v. Systems Inc.*, 803 F.3d 1344 (Fed. Cir 2015), *pet. for cert. filed*, No. 15-978 (Jan. 28, 2016), the plaintiff's expert calculated profits based on the entire product (a dock leveler), and the defendant's expert calculated profits based on the accused component as shown in the patent (a lip and hinge plate). The Federal Circuit did not treat the choice between the two as an issue of fact but rather held, as a matter of *law*, that "the article of manufacture at issue is a dock leveler" rather than the "lip and hinge plate" because the defendant did not sell "a 'lip and hinge plate' separate from the leveler as a complete unit." *Id.* at 1354-56. In support, the Federal Circuit cited its decision in this case. *Id.* at 1354 (citing Pet. App. 29a).[7]

---

[7] Contrary to Apple's suggestion (Br. 55), *Pacific Coast Marine Windshields Ltd. v. Malibu Boats, LLC*, 2014 WL 4185297 (M.D. Fla. Aug. 22, 2014), applied the same categorical rule, relying on the district court's decision below, *id.* at *11 (citing Pet. App. 133a). The court ruled as a matter of law that "Pacific is *entitled* to Malibu's profits from the sale of its boats with the windshield" because "Malibu sells *boats*, to which patented windshields have been applied." *Id.* (emphasis added).

B. This Court Should Reverse And Direct Judgment For Samsung

The Federal Circuit's misinterpretation of Section 289 necessitates reversal. On the existing record, no reasonable jury could find that the relevant articles of manufacture were Samsung's entire phones. And because Apple adopted an all-or-nothing strategy, it furnished no basis for a reasonable jury to award profits on any article of manufacture less than the entire phones. Samsung is therefore entitled to entry of judgment in its favor.

1. The Patent Claims Themselves Delimit The Relevant Articles Of Manufacture

While the government identifies (U.S. Br. 27-29) four "considerations" to guide the determination of the article of manufacture to which a design has been applied (all of which favor Samsung, *see infra*, at 20-22), the patent claim itself is by far the most important. As Apple acknowledges (Br. 53), the scope of the infringer's profits remedy should be tied to the scope of infringement. *See* Pet'r Br. 50; U.S. Br. 23-24. But the infringement inquiry compares a claimed design with the corresponding portion of the accused product, not with other unaccused portions of the product or the product as a whole. The "article of manufacture" used to determine infringer's profits should likewise correspond to the patent claim and the portion of the product accused of infringing it, in keeping with traditional principles of causation. Accordingly, where, as here, a patent holder asserts only a partial claim against only discrete portions of a product, the corresponding article of manufacture cannot be the entire product.

And because the principal consideration for the article-of-manufacture inquiry is the patent claim itself, in most instances the determination may be conducted by a court rather than a jury. The district courts, rather than juries, determine claim construction, *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996), even where fact disputes exist, *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 835 (2015). Similarly here, judicial "construction" of the article of manufacture to which a design patent is applied would promote "uniformity" and eliminate "uncertainty" as to what the patent protects. *Markman*, 517 U.S. at 390.

2. Apple Bore The Burden Of Identifying The Relevant Articles Of Manufacture

Apple, as the party seeking infringer's profits, bore the burden of identifying the relevant articles of manufacture. The "ordinary default rule" is that "plaintiffs bear the burden of persuasion regarding the essential aspects of their claims." *Schaffer v. Weast*, 546 U.S. 49, 56-57 (2005). "Absent some reason to believe that Congress intended otherwise ... the burden of persuasion lies where it usually falls, upon the party seeking relief." *Id.* at 56, 57 Thus, in patent cases, "[t]he burden of proving damages falls on the patentee." *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1324 (Fed. Cir. 2009); *see Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1315 (Fed. Cir. 2011). And, likewise, it is traditionally the plaintiff's burden to prove causation—*i.e.*, that the legal wrong caused injury. *See, e.g.*, *Univ. of Texas Sw. Med. Ctr. v. Nassar*, 133 S. Ct. 2517, 2524 (2013).

Nothing in the text of Section 289 reveals any intent to impose any burden of proof on defendants, in sharp contrast to other profits-disgorgement statutes that explicitly shift burdens to defendants, *see, e.g.*, 15 U.S.C. 1117(a) (trademark); 17 U.S.C. 504(b) (copyright). Moreover, the legislative history is clear that the default burden applies: "the patentee recovers the profit actually made on the infringing article *if he can prove that profit*." H.R. REP. NO. 49-1966, at 3 (emphasis added).[8]

The government proposes (U.S. Br. 31) shifting the burden to defendants based on a supposed asymmetry of information. But the "peculiar means of knowledge" mentioned in *Alaska Department of Environmental Conservation v. EPA*, 540 U.S. 461, 494 n.17 (2004); *see Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 851 (2014) (similar), refers to situations where there is "*exclusive* knowledge in one party" such that that party alone can prove or disprove a fact at issue. 2 MCCORMICK ON EVIDENCE § 337 (7th ed. 2013) (emphasis added). There is no reason to believe that design-patent defendants will have exclusive access to relevant information that the plaintiff does not already have or could not obtain in discovery. Apple does not suggest in its brief that it lacked any information relevant to determining the articles of manufacture. And, in any event, Congress has already addressed any potential problems of proof by setting a statutory minimum floor for potential recovery. *See* H.R. REP. NO. 49-1966, at 3 ("[T]o meet

---

[8] Apple cites authorities (Br. 38) holding that damages are generally an issue of fact, but those cases say nothing about shifting the burden of proving damages to defendants. *See Story Parchment Co. v. Paterson Parchment Paper Co.*, 282 U.S. 555, 562 (1931); *Pearson v. Duane*, 71 U.S. 605, 614 (1867).

the case when the exact profit in dollars and cents cannot be proved ... the bill prescribes a minimum recovery of $250."); S. REP. NO. 49-206, at 2 (1886) (similar); *see also* 35 U.S.C. 284. There is thus no statutory basis for shifting any burden to design-patent defendants.

3. No Properly Instructed Jury Could Have Found For Apple On This Record

Apple's failures of proof warrant entry of judgment for Samsung. Apple neither opposed nor appealed the district court's proper instruction that it was Apple's burden "to prove the defendant's profits." J.A. 268. Apple made a strategic decision to prove only Samsung's profits on the entire accused phones. *See* Resp. Br. 21. And even though it was asserting only patents with narrow claims, Apple chose not to offer any alternative calculation of profits attributable to the components of Samsung's phones corresponding to the claimed designs. To the contrary, Apple insisted in the district court that it was entitled *as a matter of law* to Samsung's total profit on its entire phones.[9]

But Apple presented no evidence that the entire Samsung phones were the relevant articles of manu-

---

[9] *See, e.g.*, Dkt. 940-1 at 21; Dkt. 1059-1 at 12 (Apple's *Daubert* motion to preclude Samsung's damages expert from testifying to any total-profit amount less than that on the entire phones); Dkt. 1189 at 18 (Apple's pretrial statement, arguing that it was "entitled to recover all of Samsung's profits relating to the *accused products*") (emphasis added); Dkt. 1323 at 21 (Apple's trial brief, arguing that it was entitled to "all profits received by the infringer for sale of the *product*") (emphasis added); *supra*, at 12.

facture. Apple tries to overcome that glaring deficiency now by suggesting (Br. 54) that the three asserted patents together evoke the "look and feel" of an iPhone and thus make the entire phone the relevant article of manufacture. But "look and feel" is not a patentable subject matter, and the three narrow designs that Apple actually patented and asserted here (a front face, a front face with bezel and a specific array of icons) claim only fractional portions of a phone. *See* Pet'r Br. 6-9. In any event, Apple omits to mention that its supposed three-patent combination played no role whatsoever in the $399 million award. To the contrary, the jury found that ten of the eleven phones at issue infringed only a *single* patent, and that *none* of those phones infringed all three. *See* Pet'r Br. 19 & n.10.[10]

The only reasonable conclusion is that the relevant articles of manufacture were less than the entire phones. But Apple offered no proof of Samsung's total profit from anything less than the entire phones, thereby failing to prove the total profit attributable to the relevant articles of manufacture. In these circumstances, reversal is warranted. *See, e.g.*, *Boyle v. United Techs. Corp.*, 487 U.S. 500, 513 (1988) (judgment may be entered for defendant "without a new trial" where "the evidence presented in the first trial would not suffice, as a matter of law, to support a jury verdict" for the plaintiff under correct instructions).[11]

---

[10] Apple cites (Br. 21-22 n.6) evidence that it intended to make a "beautiful object" (*e.g.*, J.A. 97) and that some consumers value "design" in general (J.A. 107-10; J.A. 310), but such evidence shows nothing about whether profits on any Samsung phone were attributable to any of the narrow patented designs.

[11] Apple asserts (Br. 48-49) that Samsung did not challenge the sufficiency of the evidence, but ignores that Samsung argued

C. Alternatively, This Court Should Vacate And Remand For Further Proceedings

1. If Samsung is not entitled to judgment as a matter of law, then at minimum a new trial on design-patent damages is warranted because the district court failed to properly instruct the jury. *See supra*, at 11-13. Contrary to Apple's new argument (Br. 42-44), ample evidence supported instructing the jury that the relevant articles of manufacture could be something less than Samsung's entire phones, as application of the government's four considerations (U.S. Br. 27-29) makes clear:

First, the jury heard undisputed evidence that "the scope of the design[s] claimed in the plaintiff's patent[s]" was limited to discrete portions of the products. The parties' experts agreed that the patents were limited in scope to the front face, bezel, and single GUI screen, with all other design elements disclaimed. J.A. 149-50; J.A. 153; J.A. 169; J.A. 175; Dkt. 1840 at 2579-80.

Second, the jury also heard abundant evidence concerning "the relative prominence of the design[s] within the product[s] as a whole" and whether there were "other components unaffected by the design[s]." For the D'677 and D'087 patents, Apple's media articles about Samsung's devices showed that non-accused components, particularly the entire "curved plastic back" casing on the phones and "curved candy

---

below that no properly instructed jury could have awarded Samsung's entire profits on the accused phones. *See* Samsung C.A. Br. 39-40. Apple is thus wrong to suggest (Br. 49 n.20) that there must be a damages retrial if this Court holds that the courts below interpreted Section 289 incorrectly.

bar shape," were distinct parts of the phones' external appearance that did not embody the claimed designs. J.A. 359-61. The evidence also showed that Apple changed the appearance of the *back and sides* of the iPhone, not the front face, to offer new designs to consumers. Reply App. 1a-3a. For the D'305 patent, the jury heard that the "applications screens" found to infringe on the Samsung phones were buried several layers deep in the user interface. J.A. 174-76. And there was substantial evidence regarding the importance of functionality in the parties' smartphones that was unrelated to the designs at issue. *See* Pet'r Br. 9-10, 57-58.

Third, the jury also heard unequivocal evidence that the patented designs were "conceptually distinct from the product[s] as a whole." Apple's experts, in their infringement analyses, intentionally ignored numerous dissimilar portions of Samsung's product designs that did not correspond to the patent claims. Dkt. 1611 at 1016, 1050-51, 1059; J.A. 175. Further, for the D'677 and D'087 patents, Apple's own exhibit described the phones' various accused and unaccused external features as distinct components. J.A. 359. And the jury heard hours of testimony and saw exhibits about numerous applications and GUI screens that are displayed on the phones quite apart from the specific array of icons depicted in the D'305 patent—including, for example, the home screen, web browser, contacts program, and picture gallery. *E.g.*, Dkt. 1695 at 1741-1907; J.A. 174-76; J.A. 495; Reply App. 5a, 11a.

Fourth, as to the "physical relationship between the patented design and the rest of the product," the jury heard that each "design pertains to a component that a user or seller can physically separate from the

product" or "is embodied in a component that is manufactured separately from the rest of the product." For the D'677 and D'087 patents, witnesses described how the various parts of the phones were separately manufactured and assembled in relation to one another, including the glass surface and bezel. J.A. 127-29; Dkt. 1840 at 2605, 2610; *see* J.A. 99-100. The jury also saw an Apple presentation showing all of the components of a Samsung phone separated. Reply App. 4a-11a. And for the D'305 patent, the jury heard that the applications menu was separable because it could be changed through a software update without needing to alter any other part of the phone. *See* Dkt. 2842 at 996, 1030; *see also* Dkt. 1842 at 3195-96.

There was ample evidence in the record entitling Samsung to its requested instruction, and at minimum a new trial is warranted.

2. A new trial would be especially warranted if this Court were to adopt a new and *sui generis* rule imposing a burden on design-patent *defendants* to prove the relevant article of manufacture and the profits therefrom. The parties never joined issue on the burden question, and the courts below never decided it. Because no such rule was raised or contemplated in the courts below, Samsung should have a "fair opportunity to litigate [its] case in light of [the Court's] holding." *Hertz Corp. v. Friend*, 559 U.S. 77, 95-97 (2010).

CONCLUSION

The judgment of the court of appeals should be reversed or vacated.

Respectfully submitted,

MICHAEL T. ZELLER
B. DYLAN PROCTOR
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
865 S. Figueroa Street
10th Floor
Los Angeles, CA 90017
(213) 443-3000

VICTORIA F. MAROULIS
BRETT J. ARNOLD
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
555 Twin Dolphin Drive
5th Floor
Redwood Shores, CA 94065
(650) 801-5000

KATHLEEN M. SULLIVAN
Counsel Of Record
WILLIAM B. ADAMS
DAVID M. COOPER
CLELAND B. WELTON II
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
51 Madison Avenue
22nd Floor
New York, NY 10010
(212) 849-7000
kathleensullivan@
quinnemanuel.com

Counsel for Petitioners

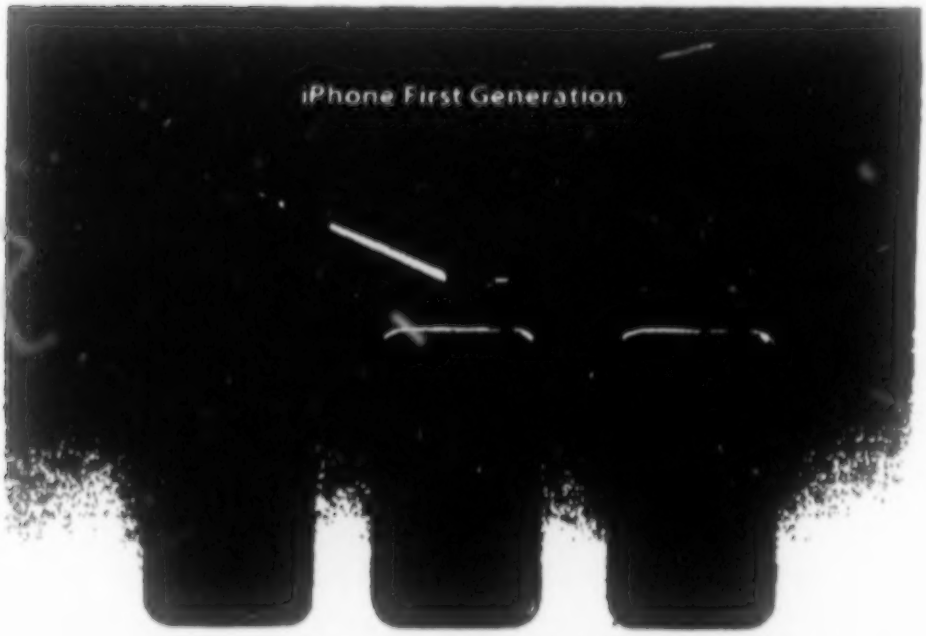
August 29, 2016

APPENDIX

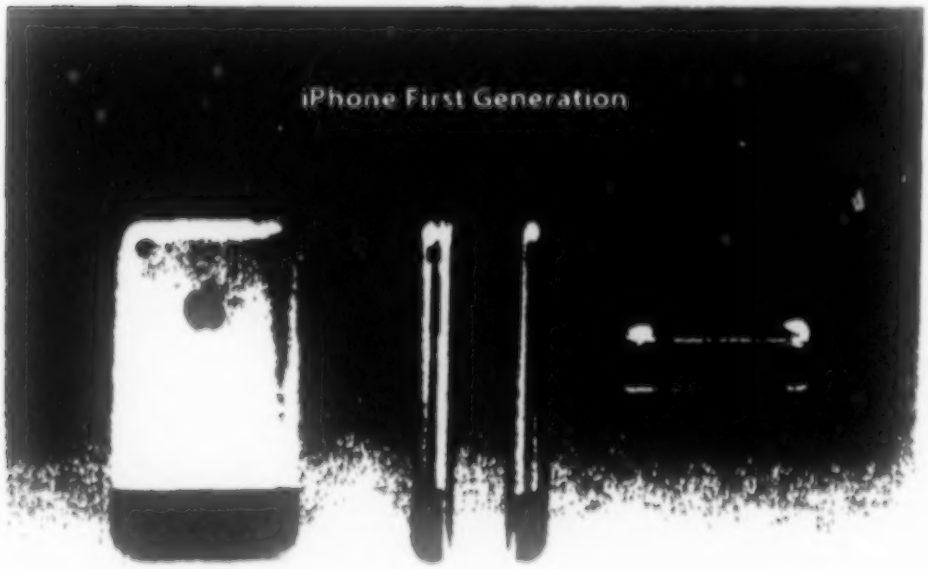
APPENDIX A

PLAINTIFF'S EXHIBIT NO. 8

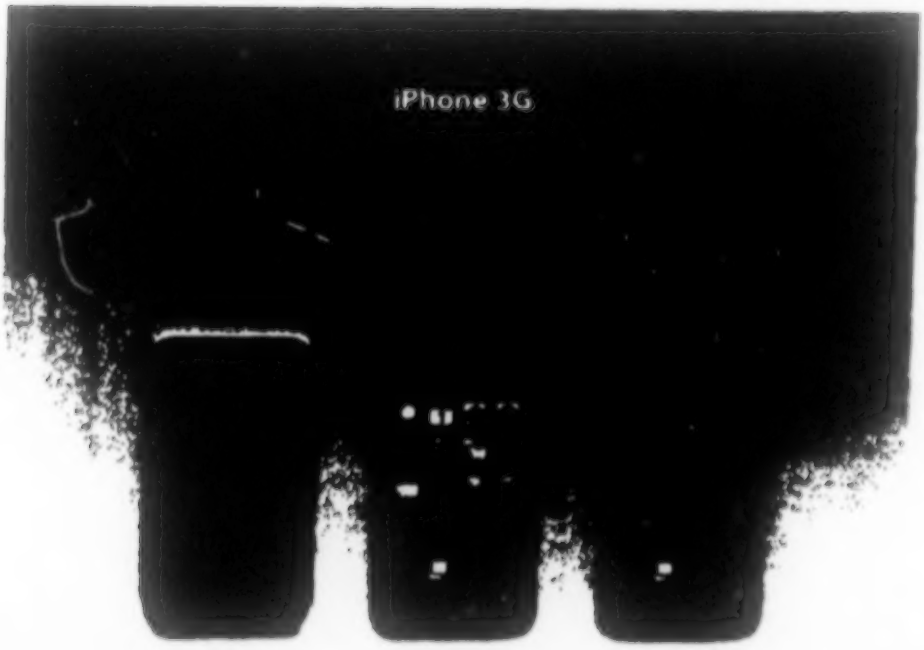
Plaintiff's Exhibit No. 8.2



Plaintiff's Exhibit No. 8.3

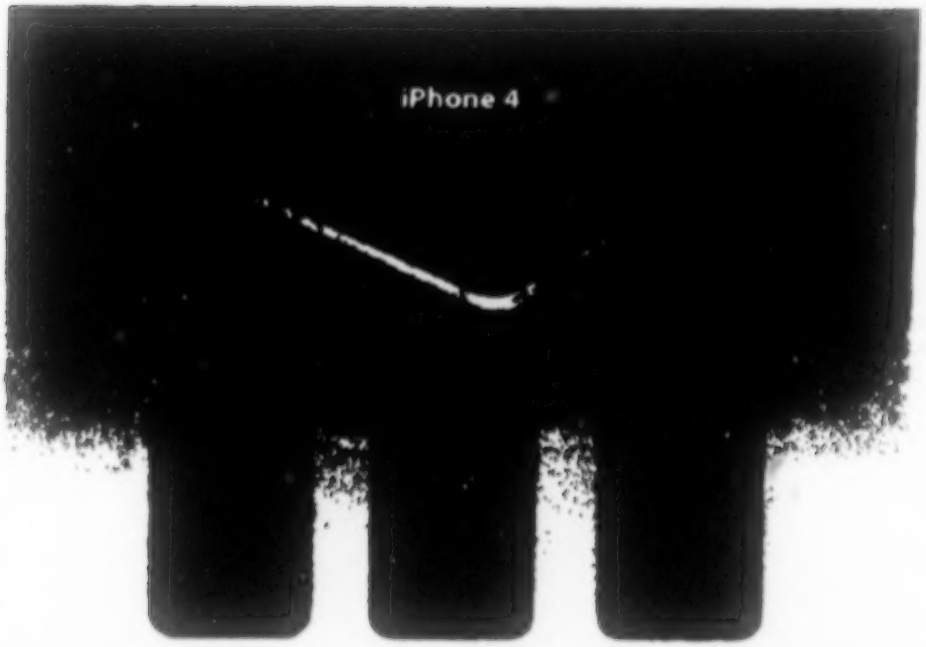


Plaintiff's Exhibit No. 8.4

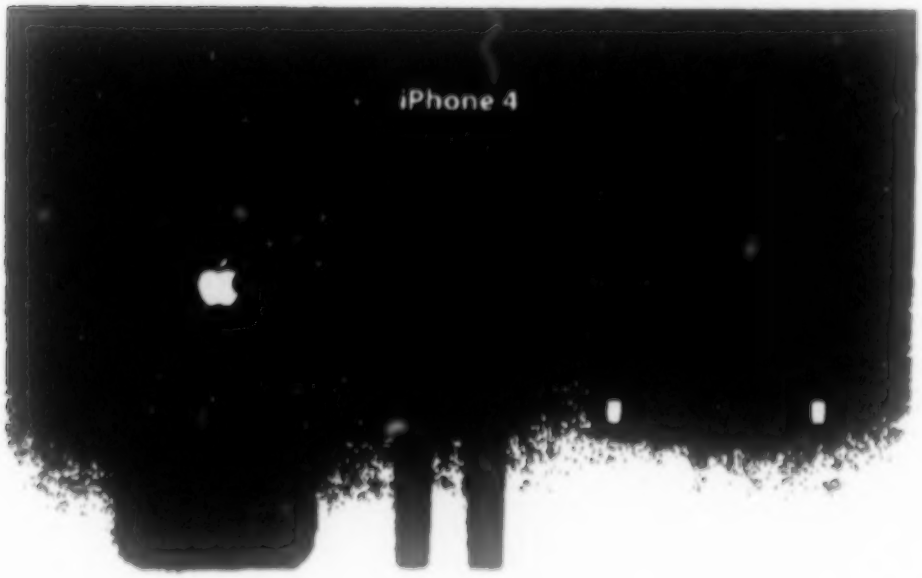


Plaintiff's Exhibit No. 8.5

Plaintiff's Exhibit No. 8.8



Plaintiff's Exhibit No. 8.9



APPENDIX B

DEFENDANTS' EXHIBIT NO. 2519

Defendants' Exhibit No. 2519.001

Mini-Teardown:

Samsung Galaxy S

(T-Mobile Vibrant)

iPod/iPhone Hacker Tech

- Summary
- Product Specs
- Features
- Disassembly
- Hardware Components
- Software Features
- Additional Comments

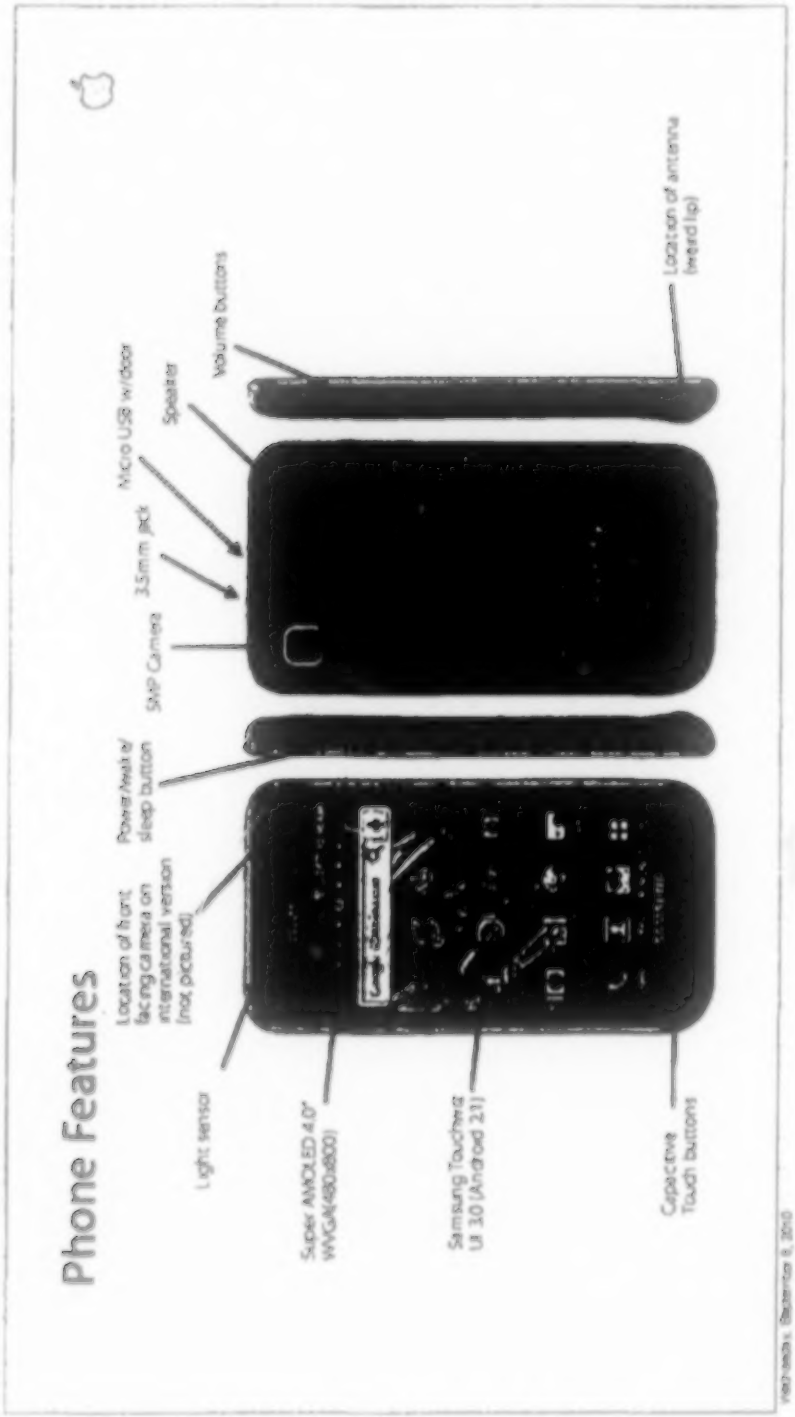
Contributors:

Jeff Raphiner

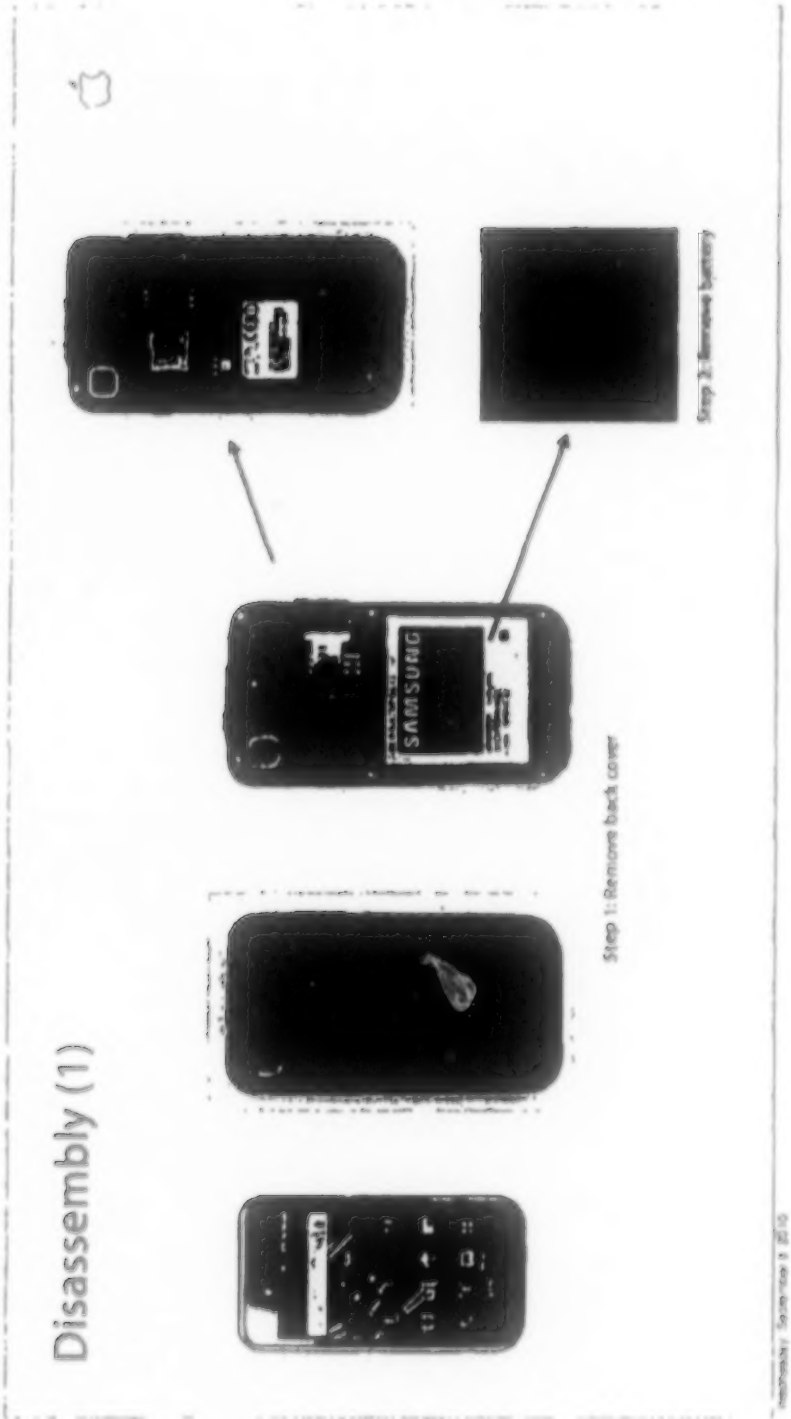
Ryan Gardiner

DEFENDANT'S EXHIBIT
NO. 2519.001
United State District Court
Northern District of California
No. 11-CV-1846-LHK (PSG)
Apple v. Samsung
Date Admitted _____ By _____

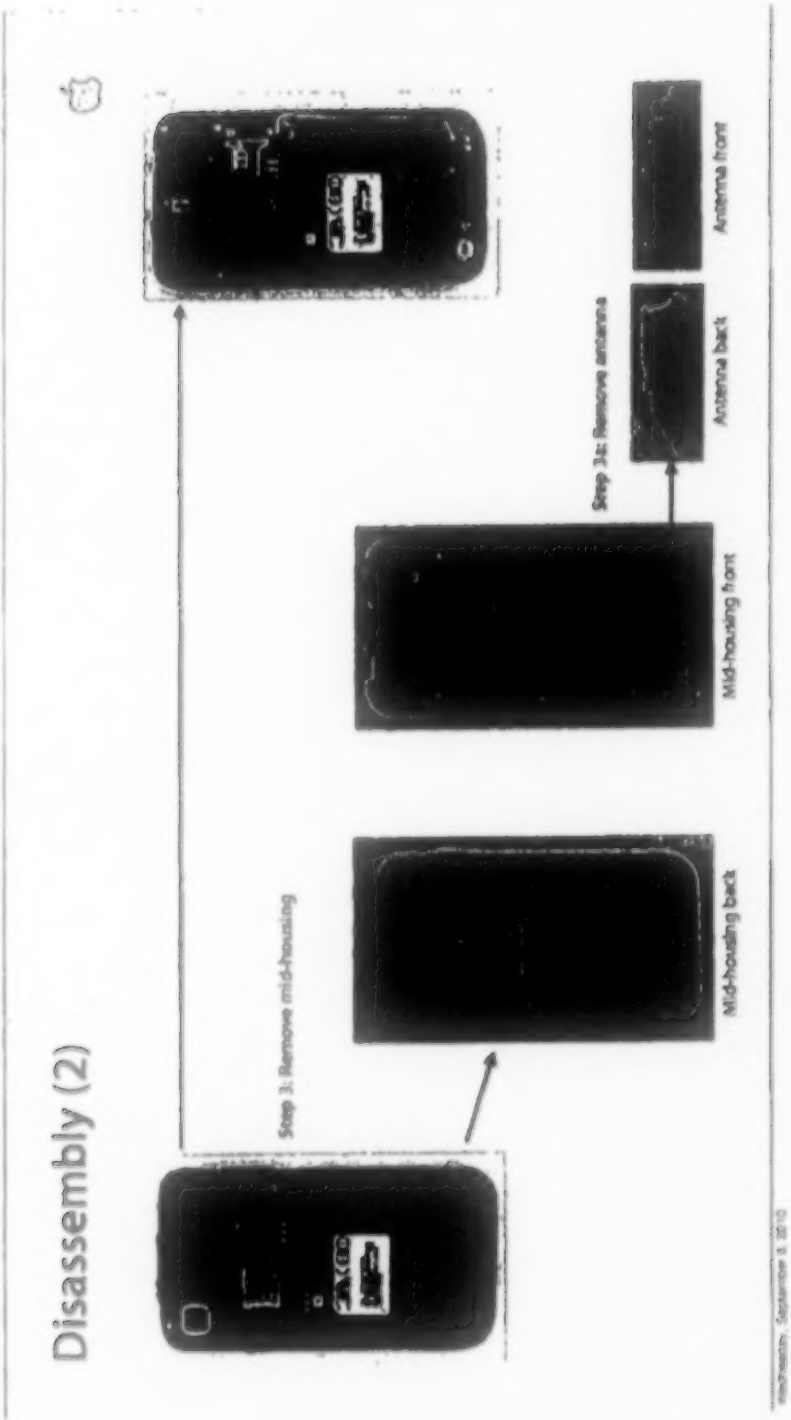
Defendants' Exhibit No. 2519.004



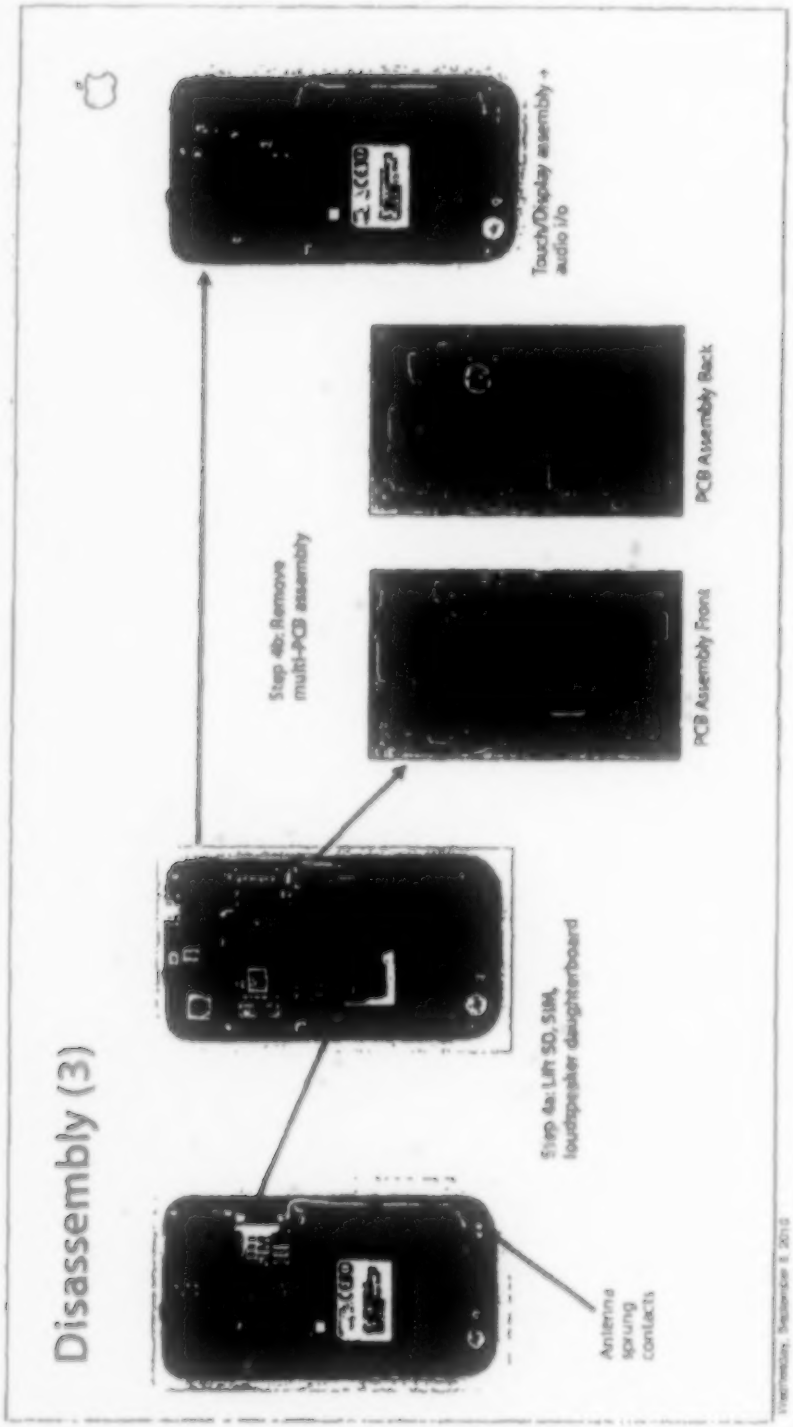
Defendants' Exhibit No. 2519.005



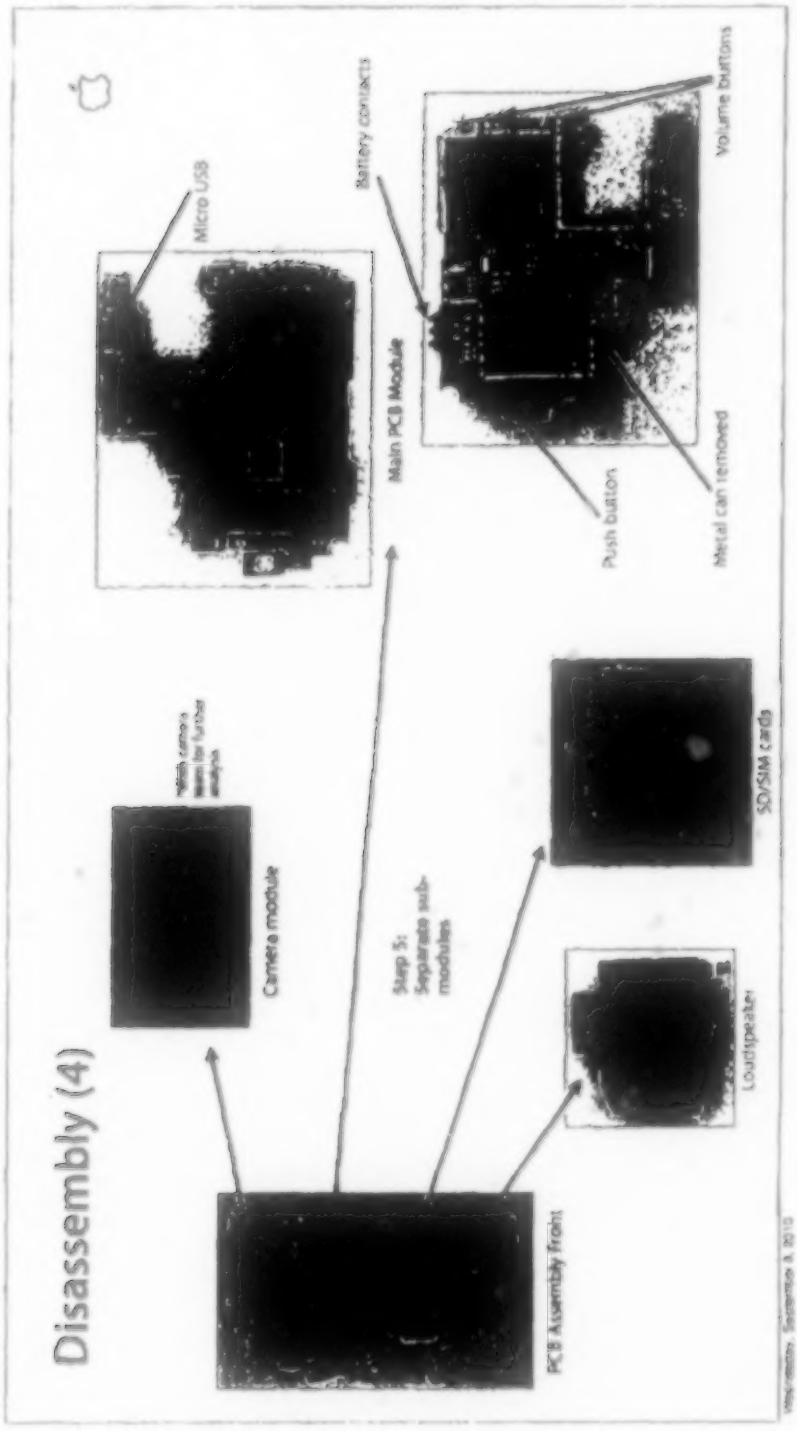
Defendants' Exhibit No. 2519.006



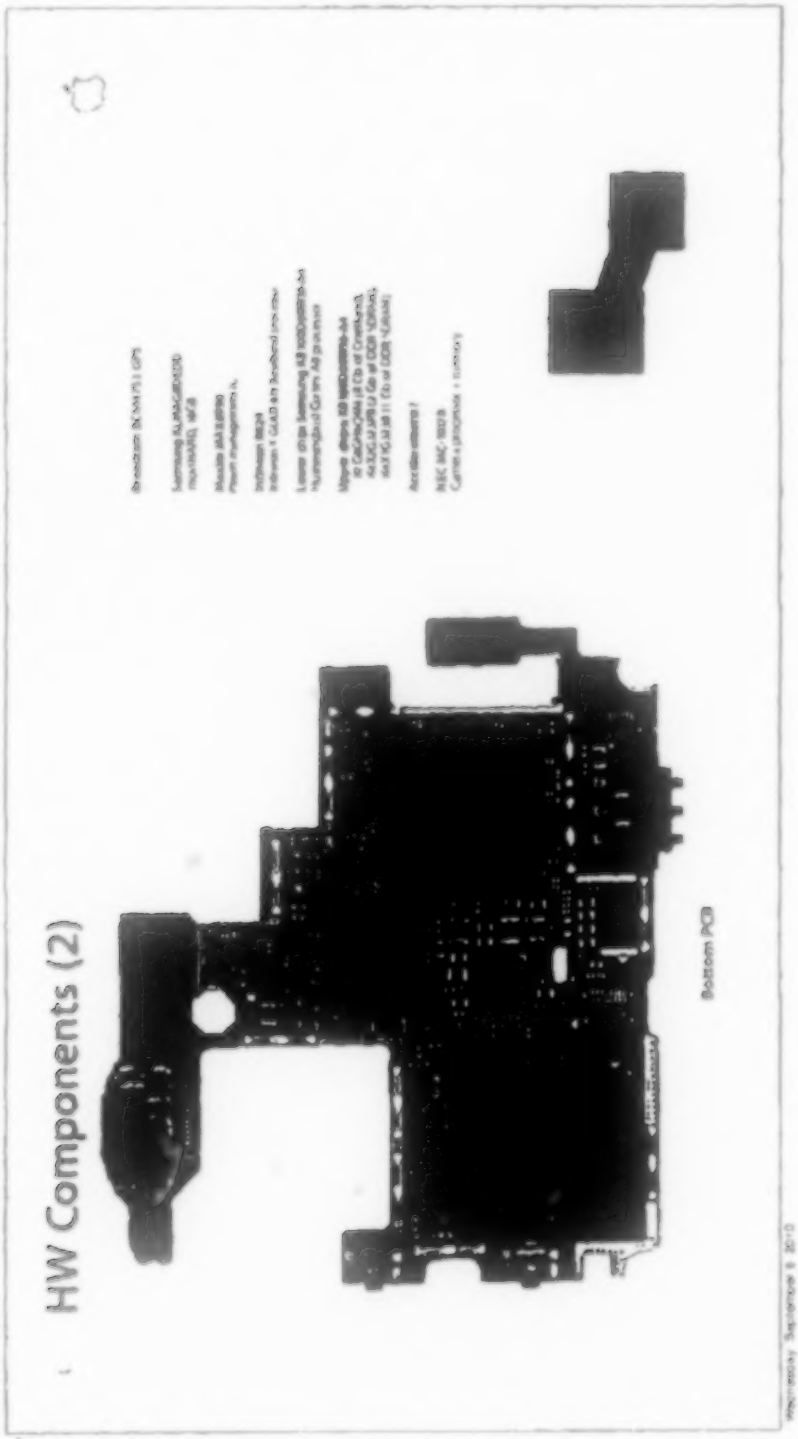
Defendants' Exhibit No. 2519.007


Disassembly (3)
Antenna sprung contacts
Step 4a: Lift SD, SIM, loudspeaker daughterboard
Step 4b: Remove multi-PCB assembly
PCB Assembly Front
PCB Assembly Back
Touch/Display assembly + audio i/o

Defendants' Exhibit No. 2519.008



Defendants' Exhibit No. 2519.011



Defendants' Exhibit No. 2519.012